

## REMARKS

### **§102 rejections**

In the 9 May 2006 Office Action claims 43 – 49, 51, 53 – 62, 64 – 75 and 77 - 79 are rejected under §102 as being anticipated by U.S. Patent 5,812,988 (hereinafter, Sandretto). The Assignee respectfully traverses the rejections for anticipation by noting that the Office Action has failed to establish a *prima facie* case of anticipation for the rejected claims. More specifically, the Office Action fails to establish a *prima facie* case of anticipation in as many as three separate ways for every rejected claim.

The first way in which the 9 May 2006 Office Action fails to establish a *prima facie* case of anticipation for many if not all of the rejected claims is that the Sandretto reference fails to describe every element of the claim. MPEP 2131 notes that:

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

The second way in which the 9 May 2006 Office Action fails to establish a *prima facie* case of anticipation for many if not all of the rejected claims is that the Sandretto reference fails to provide the same level of detail that is present in the claim. MPEP 2131 notes that anticipation requires that:

"The identical invention must be shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989).

The third way in which the 9 May 2006 Office Action fails to establish a *prima facie* case of anticipation for many if not all of the claims is that the Office Action does not describe the basis in fact or technical reasoning that is required to support the allegations regarding allegedly inherent characteristics contained in the Sandretto reference. MPEP 2112 notes that:

"In relying upon the theory of inherency, the Examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990)

In the 11 November 2005 response to the 11 October 2005 Office Action for the above referenced application, the Assignee provided a detailed traversal of every claim rejection in compliance with the requirements of 37 CFR 1.11. In the 9 May 2006 Office Action the Examiner failed to provide the additional evidence that would overcome the identified deficiencies for a single claim. The Examiner also made several arbitrary and capricious statements objecting to the presentation of the evidence in the 11 November 2005 response. At the same time, the Examiner appears to be claiming an exemption from a requirement to explain any cited combination of documents because the application has been classified as a business method application. The cited statutory basis for this arbitrary and capricious statement is Fitzgerald. The Assignee notes that Fitzgerald teaches that the burden for proving patentability only shifts to the Applicant or Assignee after the Examiner has met the initial burden of establishing a prima facie case of anticipation or obviousness and that the Examiner is quoting Fitzgerald out of context. Furthermore, as detailed above and below the Examiner has failed to establish a prima facie case that would sustain the rejection of a single claim.

The Assignee notes that, in accordance with MPEP 2112, the Examiner's failure to provide the evidence required to establish a prima facie case of anticipation that would support the rejection of a single claim leaves the Assignee without a need to provide any additional evidence to traverse these rejections. Having said that, the Assignee notes that the rejection of claim 43 can be traversed by noting that Sandretto: is missing elements contained in claim 43, provides insufficient detail regarding elements of claim 43 and that any alleged inherency of the elements in claim 43 has not been explained. Elements of claim 43 not explicitly or inherently described in the Sandretto reference document include: network models of any type, input layers, output layers, hidden layers, nodes, relationships between nodes and/or the ability to evolve network models. As a result of these deficiencies, a prima facie case that would support the anticipation rejection of claim 43 has not been established. The cited portions of the Sandretto reference document related to claim 43 (save those describing a computer) are included in the Appendix. Claims 44 - 49, 51 and 53 are dependent on claim 43 so the traversal of the claim 43 rejection also serves to traverse the rejection of these claims. Claim 54 is the second independent claim rejected under § 102 and the deficiencies noted above for claim 43 also apply to claim 54. These deficiencies in turn serve to traverse the

rejection of claims 55 - 62, 64 and 66 - claims that are dependent on claim 54. Claim 67 is the third independent claim rejected under § 102 and the deficiencies noted above for claims 43 and 54 also apply to claim 67. These deficiencies in turn serve to traverse the rejection of claims 68 - 75 and claims 77 - 79, claims dependent on claim 67. The detailed traversal of the anticipation rejections contained in the 11 November 2005 response still apply, these are not repeated because the Examiner has thoughtfully included a copy of these traversals in the 9 May 2006 Office Action.

Summarizing the above, the 9 May 2006 Office Action has failed to produce the evidence required to establish a *prima facie* case of anticipation for a single claim. The complete failure to identify anticipation at the claim level clearly illustrates the fact that the cited reference is not even remotely similar to the claimed invention. As noted in MPEP 2112, anticipation requires that a substantial identity be established. Taken together, these failures provide additional evidence that the claimed invention for producing concrete, tangible and useful results is new, novel and non-obvious. The Assignee notes that there are still other ways in which all §102 anticipation rejections in the 9 May 2006 Office Action for claims 43 – 49, 51, 53 – 62, 64 – 75 and 77 - 79 can be traversed.

### **§103 rejections**

In the 9 May 2006 Office Action, claims 51, 63 and 76 are rejected under §103 as being unpatentable over Sandretto in view of U.S. Patent 5,361,201 (hereinafter Jost). The Assignee respectfully traverses the §103 rejections of claims 51, 63 and 76 by noting that the cited combination of documents fails to establish a *prima facie* case of obviousness in a number of ways, including:

1. teaching away from the theoretical combination proposed by the Examiner,
2. requiring a change in the principle of operation of each cited invention in order to enable replication of claimed functions, and
3. failing to meet any of the criteria for establishing a *prima facie* case of obviousness.

The Assignee also notes that there are still other ways in which all §103 obviousness rejections in the 9 May 2006 Office Action for claims 51, 63 and 76 can be traversed. For example, all the cited documents are from fields that are non analogous to the field of the invention detailed in the above referenced application.

The first way the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 51, 63 and 76 is by citing a combination of documents that teaches away from the proposed combination. MPEP § 2145 X.D.2 provides that: "it is improper to combine references where the references teach away from their combination." The cited combination of documents teaches away from the proposed combination in at a number of ways, including:

1. Incompatible valuation methodologies. Sandretto teaches that asset values in an efficient market are a function of several things including: cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). On the other hand, Jost teaches that asset value is a function of the physical characteristics of an asset and its immediate neighborhood (Jost, C2 L 30 - 51). It clearly would be improper to combine the teachings of two documents with radically different methods for asset valuation; and

2. Incompatible methods for analyzing data. Sandretto teaches the use of inputs from external sources and assumptions to generate estimates for a number of required variables. The remaining variable is estimated by iterating its value as required to match a known value (Sandretto, abstract, C8, L60 – C9, L24). Jost teaches learning relationships from the data and using the learned relationships to estimate value (Jost, C2 L 30 - 51). It clearly would be improper to combine the cited documents as they teach and rely on fundamentally different approaches to analyzing the same data.

The Assignee notes that are still other ways in which the two references teach away from the proposed theoretical combination.

The second way that the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 51, 63 and 76 is that the proposed combination of documents would change the principle of operation of the Sandretto and Jost methods. MPEP 2143.01 provides that when “the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. In re Ratti, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)”. Changes in operating principles required by the cited combination include:

1. Change in the “efficient market” principle explicitly required by Sandretto. As noted previously, Sandretto teaches that value in an efficient market is a function of several things including: asset cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). In the 9 May 2006 Office Action the Examiner is attempting to modify the teachings of the Sandretto method for use in valuing elements of value that have no known market (efficient or otherwise). As such, the proposed modification would destroy one of the operating principles of the Sandretto invention - reliance on an efficient market. As a result, the teachings of the references are not sufficient to render the claims *prima facie* obvious.
2. Change in the reliance on physical characteristics of Jost. As noted previously, Jost teaches that real estate values are a function of the physical characteristics

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of the real estate and its immediate neighborhood (Jost, C2 L 30 - 51). In the 9 May 2006 Office Action the Examiner is attempting to modify the teachings of the Jost method for use in valuing elements of value that are notable for their lack of physical characteristics.

The Assignee notes that there are still other operating principles which need to be changed to support the cited combination.

The third way the cited combination of documents fails to establish a *prima facie* case of obviousness required to sustain the rejections of claim 51, 63 and 76 is that it fails to meet any of the criteria for establishing a *prima facie* case of obviousness. MPEP 2142 provides that in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or combine the reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. As detailed below, the 9 May 2006 Office Action fails to meet all three of the criteria for establishing a *prima facie* case of obviousness for claims 51, 63 and 76.

1. The 9 May 2006 Office Action fails to meet the first criteria for establishing a *prima facie* cause of obviousness for claims 51, 63 and 76 because the Office Action does not identify any motivation for making the theoretical combination contained in the Office Action. It is well established that "teachings of references can be combined only if there is some suggestion or incentive to do so" quoting ACS Hosp. Sys., Inc. v Montefiore Hosp., 732 F.2d 1572, 1577 221 U.S.PQ 929,933 (Fed. Cir. 1984). This need is particularly acute in cases such as this where the claimed invention is not directly related to the primary field of either document. In the 9 May 2006 Office Action the Examiner states correctly that the nature of the problem can lead an Examiner to propose a combination. However, the Examiner has so far been unable to explain what it was about this problem that led him to propose the unworkable theoretical combination contained in the Office Action. The Assignee is particularly interested in learning what it was about modeling and valuing elements of value that have no known market and a notable lack of physical characteristics that led the Examiner to propose the combination of a document that teaches a method for valuation

based on an efficient market with a method that depends on physical characteristics.

2. The 9 May 2006 Office Action fails to meet the second criteria for establishing a *prima facie* case of obviousness for claims 51, 63 and 76 because it does not cite a combination of teachings that has a reasonable expectation of success. As noted previously, the two documents teach fundamentally different approaches to value and data analysis and the Examiner has refused to respond to a reasonable request to identify a mechanism for reconciling these incompatible approaches to completing the same task.
3. The 9 May 2006 Office Action fails to meet the third criteria for establishing a *prima facie* case of obviousness because it does not teach or suggest one or more of the limitations for every independent claim. The prior discussion related to §102 rejections already listed elements that are missing from each of the independent claims, 43, 54 and 67, that the rejected dependent claims 51, 63 and 76 respectively, rely on. Other missing limitations include: elements of value and components of value.

Far from establishing a *prima facie* case of obviousness for claims 51, 63 and 76, the cited combination of references in the 9 May 2006 Office Action provides additional evidence that the claimed invention for producing concrete, tangible and useful results is new, novel and non-obvious. It does this by calling for a combination of references when there is a motivation not to combine them, by citing a combination of references that does not appear to have a reasonable chance for success and by relying on a combination of references that fails to teach or suggest almost all of the claim limitations.

In the 9 May 2006 Office Action, claims 80 -85 and 87 rejected under §103 as being unpatentable over Sandretto. Claim 86 is rejected under §103 as being unpatentable over Sandretto in view of U.S. Patent 5,761.442 (hereinafter Barr). The Assignee respectfully traverses the §103 rejections of claims 80 - 88 by noting that the cited combination of documents fails to establish a *prima facie* case of obviousness in a number of ways, including:

1. requiring a change in the principle of operation of Sandretto in order to enable replication of claimed functions, and

2. failing to meet any of the criteria for establishing a *prima facie* case of obviousness.

The Assignee also notes that there are still other ways in which all §103 obviousness rejections in the 9 May 2006 Office Action for claims 80 - 88 can be traversed.

The first way that the cited document fails to establish a *prima facie* case of obviousness for claims 80 - 88 is that the proposed modification would change the principle of operation of the Sandretto. MPEP 2143.01 provides that when “the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)”. Changes in operating principles required by the cited combination include:

1. Change in the “efficient market” principle explicitly required by Sandretto. As noted previously, Sandretto teaches that value in an efficient market is a function of several things including: asset cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). In the 9 May 2006 Office Action the Examiner is attempting to modify the teachings of the Sandretto method for use in valuing elements of value that have no known market. As such, the proposed modification would destroy one of the operating principles of the Sandretto invention - reliance on an efficient market. As a result, the teachings of the reference is not sufficient to render the claims *prima facie* obvious.

The Assignee notes that there are still other operating principles which need to be changed to support the cited modification.

The second way the proposed modification of Sandretto fails to establish a *prima facie* case of obviousness required to sustain the rejections of claim 80 - 88 is that it fails to meet any of the criteria for establishing a *prima facie* case of obviousness. MPEP 2142 provides that in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or combine the reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined)

must teach or suggest all the claim limitations. As detailed below, the 9 May 2006 Office Action fails to meet all three of the criteria for establishing a *prima facie* case of obviousness for claims 80 - 88.

1. The 9 May 2006 Office Action fails to meet the first criteria for establishing a *prima facie* cause of obviousness for claims 80 - 88 because the Office Action does not identify any motivation for making the theoretical modification contained in the Office Action. This need is particularly acute in cases such as this where the claimed invention is not directly related to the primary field of the cited document.
2. The 9 May 2006 Office Action fails to meet the second criteria for establishing a *prima facie* case of obviousness for claims 80 - 88 because it does not cite a combination or modification of teachings that has a reasonable expectation of success. As noted previously, the Sandretto teaches an approach that relies on the efficient market hypothesis which has many well documented shortcomings (See Siegel).
3. The 9 May 2006 Office Action fails to meet the third criteria for establishing a *prima facie* case of obviousness because it does not teach or suggest one or more of the limitations for every independent claim. Missing limitations include: data integration of any kind, data preparation of any kind and evolving a network topology.

The Examiner has supplemented the evidence provided to support the §103 rejection of claims 80 – 84 with unsupported statements that:

1. relational databases using different data formats were well known within the art at the time of Applicant's invention. They are implicitly in use in Sandretto's disclosure; and
2. a network schema and a data dictionary were well known and necessary data processing system tools used for projects such as enterprise data integration. As such, they are implicitly in used in Sandretto's disclosure.

The Assignee notes that these statements are arbitrary and capricious as they conveniently overlook the well documented failure of the examiners in the same art unit to find any prior art that suggests anything remotely similar to the invention disclosed in claims 80 – 84 (see referenced applications). References produced to support the unsuccessful attempt to find anything similar to the invention disclosed in claims 80 - 84 include Lyons (which Sandretto references) that teaches integration in accordance with

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a SEPT value, Marshall which teaches the use of DDE and Burks which teaches front end based data format modifications. These statements also overlook the fact that the Sandretto disclosure clearly states that the data required for operation are input directly in to the system and that as few as three inputs per asset are required for system operation (Sandretto, C9 L45 – L55).

### § 101 rejections

In the 9 May 2006 office action, claims 43 - 88 are rejected under 35 U.S.C. §101 as being unpatentable because the Examiner alleges that the disclosed invention lacks patentable utility. More specifically the Examiner states that the claims do not produce a useful, concrete, tangible result because the claimed method is merely a conceptual framework. The Assignee will respectfully traverse the rejection of claims 43 - 88 based on a lack of utility in three ways. First, by noting that the Examiner has failed to establish a *prima facie* case of non utility. Second, by noting that the assertions regarding the alleged lack of utility are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. Third by noting that the apparent basis for the §101 Rejection for a lack of utility only applies to claim 43 and the dependent claims associated with claim 43. Finally, the Assignee notes that claim amendments render these rejections moot.

As mentioned previously, the Examiner has failed to establish a *prima facie* case of non utility for rejected claims 43 - 88. MPEP 2164.07 states "the examiner has the initial burden of challenging an asserted utility. Only after the examiner has provided evidence showing that one of ordinary skill in the art would reasonably doubt the asserted utility does the burden shift to the applicant to provide rebuttal evidence sufficient to convince one of ordinary skill in the art of the invention's asserted utility. In re Brana, 51 F.3d 1560, 1566, 34 USPQ2d 1436, 1441 (Fed. Cir. 1995) (citing In re Bundy, 642 F.2d 430, 433, 209 USPQ 48, 51 (CCPA 1981)). The Assignee respectfully submits that the Examiner has not provided any evidence to support his assertions. Instead, he has simply made an arbitrary and capricious statement.

As noted previously, the second way the Assignee will traverse the § 101 rejections of claims 43 - 88 is by noting that the assertions regarding the alleged lack of utility are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. In *Dickinson v. Zurko*, 119 S. Ct. 1816, 50 USPQ2d 1930 (1999), the Supreme Court held that the appropriate standard of review of PTO findings of fact are the standards set forth in the Administrative Procedure Act ("APA") at 5 U.S.C. 706 (1994). The APA provides two standards for review – an arbitrary and capricious standard and a substantial evidence standard. The Assignee respectfully submits that the 35 U.S.C. § 101 rejection of claims 43 – 88 for a lack of utility contained in the instant Office Action fails under both standards.

As noted previously, the third way the Assignee will traverse the § 101 rejections of claims 44 - 88 for lack of utility is by noting that the assertions regarding the alleged lack of utility only apply to claim 43 and the claims dependent on claim 43.

As part of this section of the 9 May 2006 Office Action, the Examiner also makes unsubstantiated allegations that the method and system detailed in the specification are not concrete. The Assignee will respectfully traverse the rejection of claims 43 - 88 based on an alleged lack of a concrete method and/or system in three ways. First, by noting that a few paragraphs earlier the Examiner stated that the invention is merely a conceptual framework. The Assignee is unclear as to why it would be difficult to repeatedly recreate the alleged conceptual framework. Second, by noting that the Examiner has failed to establish a *prima facie* case that the method and system of the present invention are not concrete. Third, by noting that the assertions regarding the alleged lack of concreteness are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot.

While no rebuttal is required, the Assignee will also note that the specification and drawings:

- a) describe an invention that produces results that are tangible, concrete and useful, and
- b) fully address the problems that some say hinder the development of models using some of the specified technology (See Maeda, C2).

Furthermore, a declaration has been provided which also could be used to provide a complete rebuttal of the unsubstantiated allegations contained in the 9 May 2006 Office Action regarding a lack of concreteness in the event the Examiner is able to establish a *prima facie* case that the claimed method and system are not concrete.

## § 112 Second Paragraph Rejections

In the 9 May 2006 Office Action claims 43 - 88 have been rejected under 35 U.S.C. §112 second paragraph. Specifically, the Examiner has made an unsupported allegation that the specification omits steps which would lead an ordinary practitioner of the art to successfully apply the invention to produce a concrete, reproducible quantitative valuation result of a firm. The Assignee notes that in accordance with 2172.01 (which the Examiner quoted) "a claim which omits matter disclosed to be essential to the invention as described in the specification or in other statements of record may be rejected under 35 U.S.C. § 112, first paragraph, as not enabling. In re Mayhew, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976)." Accordingly, the Assignee will respond to this arbitrary and capricious allegation in the portion of the response devoted to 35 U.S.C. § 112 First Paragraph Rejection of Claims.

In the 9 May 2006 Office Action claims 85 and 88 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular the Examiner objected to:

The expressions "intelligent" in claim 85 and "direct effects" and "indirect effects" in claim 88 appear for the first time in these two claims added by amendment after the first Office Action. They do not appear in the specification.

The Assignee traverses these rejections by noting that it is well established that there is no requirement that a term used in a claim appear "ipsis verbis" in the specification and that the specification supports the use of each word. Furthermore, the Assignee traverses the rejection of claim 86 by noting that the U.S.P.T.O. defines artificial intelligence applications as (among other things) applications that learn from the data. A review of the specification for the instant application shows that it learns from the data. As a result, the use of the word "intelligent" is consistent with U.S.P.T.O. guidelines for classifying inventions as intelligent. The Assignee will leave it to others to explain why the above referenced application has been classified solely as a business method application when it meets the requirement for being classified as an artificial intelligence application. The Assignee also notes that the rejection of claim 88 is moot as the claim has been cancelled.

## § 112 First Paragraph Rejections

In the 9 May 2006 Office Action the Examiner has rejected claims 43 - 88 under 35 U.S.C. §112 first paragraph as lacking a written description that would enable those of average skill in the art to make and use the claimed invention. Specifically, the Examiner has made an unsupported allegation that the specification does not explain: how to make and/or use the invention.

The Assignee will respectfully traverse the §112 first paragraph rejection of claims 43 – 88 in three ways. First, by noting that the Office Action has failed to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph. Second, by noting that the assertions regarding the alleged lack of written description are not in compliance with the both standards of the Administrative Procedures Act and are therefore moot. Third by noting that the only specifics provided appear to relate to only 3 claims, claims 49, 61 and 74.

As mentioned previously, the Examiner has failed to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph. MPEP 2163 states that:

"in rejecting a claim, the Examiner must set forth express findings of fact regarding the above analysis which support the lack of written description conclusion. These findings should:

- (A) Identify the claim limitation at issue; and
- (B) Establish a *prima facie* case by providing reasons why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure of the application as filed. A general allegation of "unpredictability in the art" is not a sufficient reason to support a rejection for lack of adequate written description."

As detailed below, the Examiner has failed to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph in at least three ways.

1. the first way the 9 May 2006 Office Action fails to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has not identified any reasons why a person skilled in the art at

the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed;

2. the second way the 9 May 2006 Office Action fails to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has only made a general allegation of unpredictability (See prior 35 U.S.C. § 101 Rejection of Claims discussion); and
3. the third way the 9 May 2006 Office Action fails to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has not identified the claim limitation(s) at issue. As noted above, the Examiner makes an unfounded allegation that the specification is missing steps required to complete a valuation, however, he is unable to identify any specific steps which he feel have been omitted.

The Assignee respectfully submits that the assertion that the specification does not meet the requirements of §112 first paragraph also fail under both standards of the APA. First, as detailed above, the Examiner has not provided any evidence to support these allegations. As a result, the §112 first paragraph rejection of claim 43 – 88 fails under the substantial evidence standard. Second, it is well established that “where different arts are involved in the invention, the specification is enabling if it enables persons skilled in each art to carry out the aspect of the invention applicable to their specialty” (In re Naquin, 398 F.2d 863, 866, 158 USPQ 317, 319 (CCPA 1968)). The Assignee respectfully submits that a review of the arguments presented in the 9 May 2006 Office Action and the prior Office Action for the above referenced application make it clear that the §112 first paragraph rejections also fail under the second standard because it would be arbitrary and capricious to rely on the opinion contained in this Office Action. In particular the Assignee would like to note that the cited combination of documents relies on teachings based on the efficient market theory. Those of average skill in at least one of the relevant arts have long recognized that this theory does not work (See Siegel) and that these methods are particularly inappropriate for use in evaluating elements of value where there is no market of any kind (See Chambers). The Examiner has also proposed using a method that relies on physical characteristics to value elements of value that are notable for their lack of such characteristics.

Finally, the Assignee notes again that the only specifics provided appear to relate to only 3 claims, claims 49, 61 and 74.

While no rebuttal is required, the Assignee will also note that a declaration has been provided which also could be used to provide a complete rebuttal of the unsubstantiated allegations contained in the 9 May 2006 Office Action regarding a lack of written description in the event the Examiner is able to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph.

## Statement under 37 CFR 1.111

37 CFR 1.111 requires that the basis for amendments to the claims be pointed out after consideration of the references cited or the objections made. 37 CFR 1.111 states in part that:

In amending in response to a rejection of claims in an application or patent undergoing reexamination, the applicant or patent owner must clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made. He or she must also show how the amendments avoid such references or objections.

The Assignee notes that this requirement is not relevant to the instant application because, as detailed above, there are no references or objections to avoid. In fact, the opposite is true as the prosecution to date of this application and the referenced applications in the CIP chain has produced documents that have memorialized over 200 instances of novelty, non-obviousness and newness relative to the state of the art in the claimed methods and systems. A large part of the prior art traversals that generated this overwhelming evidence of novelty, non-obviousness and newness consisted of showing that the combination of patents proposed by the Examiners to support an obviousness rejection taught away from the proposed combination – just as they do in the instant application. Patents are documents that teach those of average skill in the art how to make and practice an invention. Understanding how to make and practice an invention includes an understanding of the teachings of an invention and how those teachings would enable or prevent combinations with other inventions. In other words, all the evidence produced to date supports the patentability of the claimed invention and the assertion that it would be arbitrary and capricious to rely on the opinions contained in this Office Action regarding alleged written description deficiencies as the basis for a decision related to patentability. Having said that, the Assignee notes that the primary reasons the prior set of claims were amended and/or cancelled was the Applicant's prior failure to file cross reference information in a timely manner and to put the claims into final form for allowance and issue.

## Request for affidavits under 37 C.F.R. 1.104

The 9 May 2006 Office Action the Examiner contains opinions that rely on personal knowledge regarding practices that were allegedly well known at the time of the invention was made including the statements that:

1. relational databases using different data formats were well known within the art at the time of Applicant's invention. They are implicitly in use in Sandretto's disclosure; and
2. a network schema and a data dictionary were well known and necessary data processing system tools used for projects such as enterprise data integration. As such, they are implicitly in used in Sandretto's disclosure.

37 C.F.R. 1.104 provides that:

*When a rejection in an application is based on facts within the personal knowledge of an employee of the Office, the data shall be as specific as possible, and the reference must be supported, when called for by the applicant, by the affidavit of such employee, and such affidavit shall be subject to contradiction or explanation by the affidavits of the applicant and other persons.*

Accordingly, the Assignee requests that an affidavit detailing the facts within the personal knowledge of any employee(s) of the Office that were used to support the statements shown above regarding "well known" uses of relational databases using different data formats, network schema and/or data dictionaries be provided on or before the date of the next Office Action on the merits for the above referenced application.

The 9 May 2006 Office Action also contains opinions that appear to rely on personal knowledge that documents that teach methods for security valuation (Sandretto) and the optimization of security portfolios (Barr) are relevant to the analysis and management of a current operation for a commercial enterprise. Accordingly, the Assignee also requests an affidavit detailing the facts within the personal knowledge of any employee(s) of the Office that were used to support the decision to cite documents that teach methods for security valuation and the optimization of security portfolios as prior art that is allegedly relevant to the above referenced application.

The Assignee also requests that, in accordance with the provisions of 37 CFR 1.104, the Examiner provide an affidavit citing the basis (statute(s) or case(s)) for the statement that a business method classification relieves the Examiner of the burden of explaining how a theoretical combination of document teachings would be completed when said theoretical combination is used to support a §103 rejection.

Examiner: Siegfried Chencinski  
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The Assignee also requests that, in accordance with the provisions of 37 CFR 1.104, the Examiner provide an affidavit detailing all evidence in possession of anyone in the Office that supports the opinion that the claimed invention (claims 43 – 88) is not tangible, concrete and/or useful. This affidavit should include all evidence that the specification for the above referenced application: “fails to present a method and system where the results can be replicated by others because qualitative judgments are involved in the method such that even the same practitioner seems unlikely to be able to replicate the same result for the same case in multiple iterations of operating the model.” The Assignee also requests that, in accordance with the provisions of 37 CFR 1.104, the Examiner provide an affidavit detailing all evidence in possession of anyone in the Office that supports an assertion that the above referenced application: lacks an adequate written description, fails to enable those of average skill in the relevant arts to make or use the claimed invention and/or has one or more claims that are indefinite. In the paragraph that follows these three alleged shortcomings will be referred to as the “alleged written description deficiencies.” As part of the one or more alleged written description deficiency affidavits, the Examiner is requested to identify the missing steps that allegedly prevent an ordinary practitioner of the art from successfully apply the invention to produce a concrete, reproducible quantitative valuation result of a firm.

It is well established that when an invention, in its different aspects, involves distinct arts, the specification is enabling if it enables those skilled in each art, to carry out the aspect proper to their specialty (see MPEP 2164.05). Accordingly, the Assignee further requests that as part of the affidavit or affidavits related to alleged written description deficiencies that the Examiner identify the arts judged to be contained in each claim. The Assignee also requests that the Examiner provide the name, address, phone number, email address and professional background of each individual providing input to the opinion regarding the alleged written description deficiencies contained in the 9 May 2006 Office Action. It would be a clear abuse of discretion to allow those without the requisite skill level to provide input to such an opinion.

These affidavits are required for inclusion in the appeal that will be filed if the claims are not granted. A failure to provide all the requested affidavits containing all the requested information will be taken as further evidence that the findings in the 9 May 2006 Office Action are arbitrary and capricious.

**Reservation of rights**

The Assignee hereby explicitly reserves the right to present the previously modified and/or canceled claims for re-examination in their original format. The cancellation or modification of pending claims to put the instant application in a final form for allowance and issue is not to be construed as a surrender of subject matters covered by the original claims before their cancellation or modification.

**Conclusion**

The Assignee would like to thank the Examiner for detailing the reasoning that was used to justify the rejection of claims in the instant application. The pending claims are of a form and scope for allowance. Prompt notification thereof is respectfully requested.

Respectfully submitted,



B.J. Bennett, President Asset Trust, Inc.

Date: September 8, 2006

## Appendix

Cited portions of Sandretto reference for claim 43*
(Column 8, L 52- 59) It is an object of the present invention to provide a method and apparatus to estimate an asset's risk and NPV that, instead of using prior-period returns to estimate risk: (1) estimates an asset's operating, financing and accounting characteristics, (2) estimates general and sector economic relations, and (3) estimates certain current economic conditions, such as interest rates, and to create a portfolio
(Column 9, L 40 - 41) These and other objects of the invention are accomplished by providing a data processing system that jointly estimates future cash flows under varying economic conditions;
(Column 8, L 52 - Column 9 L 20) estimated operating, financing, and accounting variables for two or more assets; and (3) a risk-return type asset pricing model or models (such as the CAPM, the APT, or non-linear versions of the CAPM or APT). A significant advantage of the present invention is that it fully utilizes current information that affects asset risk. In particular, the CAPM is traditionally considered a one factor model but this invention can use many factors in the CAPM without the complexity required by the APT. In addition, because the invention uses forecasted cash flows, it can be used for virtually any asset, including stocks, bonds, real estate, newly formed companies, bankrupt companies, derivative assets (assets derived from other assets), and potential assets, such as assets to be issued in the future. In contrast, with prior art processes the CAPM and APT are rarely used to value assets other than common stocks.
The process begins by estimating an initial set of financial statements and cash flows for each asset (only cash flows if the asset is a bond or similar asset) for some number of periods using estimated operating, financing, accounting and economic variables an analyst has input into the process. Estimated cash flows may be also be adjusted for expected price changes, such as inflation.
The second step is to estimate additional sets of cash flows based upon the initial sets of cash flows. The additional sets of cash flows are determined by using a different estimate for at least one of the economic variables, B~ way of example, five additional sets of cash flows for each asset may be determined by using five additional sets of estimates for the economic variables. Thus, in this example, there will be a total of six sets of cash flows for each asset (the initial estimate and five additional estimates), where each set of for an asset may show, for example, estimated quarterly cash flows for the following ten years.

\* excludes cited portions of Sandretto describing a computer system